

**RAPPAHANNOCK RIVER BASIN COMMISSION
FREDERICKSBURG, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2001 AND JUNE 30, 2000**



AUDIT SUMMARY

Our audit of the Rappahannock River Basin Commission for the years ended June 30, 2001 and June 30, 2000 found:

- proper recording and reporting of transactions, in all material aspects, in the Commission's accounting records;
- no material weaknesses in internal controls; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

AGENCY BACKGROUND

The Rappahannock River Basin Commission's purpose and mission is to provide guidance for the stewardship and enhancement of the water quality and natural resources of the Rappahannock River Basin. The Commission serves as a forum in which the state, 14 local governments (The City of Fredericksburg and the counties of Culpeper, Spotsylvania, King George, Orange, Richmond, Essex, Westmoreland, Fauquier, Caroline, Rappahannock, Stafford, Lancaster, and Middlesex), and citizens of the Commonwealth can discuss issues affecting the Basin's water quality and quantity and other natural resources.

The Commission receives its funding from State Appropriations and contributions from the 14 localities. The following shows the financial activities of the Commission for fiscal years 2000 and 2001:

	<u>Year Ended June 30, 2001</u>	<u>Year Ended June 30, 2000</u>
Revenues:		
Appropriations	\$ 60,000	\$ 30,000
Local contributions	14,000	14,000
Miscellaneous	<u>3,382</u>	<u>3,738</u>
Total revenue	<u>77,382</u>	<u>47,738</u>
Expenses:		
Salaries and benefits	37,266	36,177
Supplies, printing, and postage	2,967	1,531
Meetings	3,223	3,045
Conference	6,031	-
Travel	<u>1,128</u>	<u>2,061</u>
Total expenses	<u>50,615</u>	<u>42,814</u>
Excess of revenues over expenses	<u>\$ 26,767</u>	<u>\$ 4,924</u>

For the year ended June 30, 2001 the Commission received \$60,000 in State Appropriations from the Department of Recreation and Conservation, representing \$30,000 for both years of the biennium 2001 and 2002.

October 8, 2001

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Rappahannock River Basin Commission** for the years ended June 30, 2001 and June 30, 2000. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objective, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions in the Commission's accounting records, review the adequacy of the Commission's internal control, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Commission's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Expenditures
Revenues
Appropriations

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Commission's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Audit Conclusions

We found that the Commission properly stated, in all material respects, the amounts recorded and reported in the Commission's accounting records. The Commission records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commission's accounting records.

We noted no matters involving internal control and its operation that we consider to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

EXIT CONFERENCE

We discussed this report with management on December 12, 2001.

AUDITOR OF PUBLIC ACCOUNTS

KKH:aom
aom:42

RAPPAHANNOCK RIVER BASIN COMMISSION
Fredericksburg, Virginia

Delegate Jay Katzen, Chair
Mr. Robert J. Wittman, Vice Chair

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Senator Emily Couric	Delegate Robert D. Orrock, Sr.
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Senator R. Edward Houck	Grover Wilson

Eldon James, Coordinator
Jean Hamilton Ivester, Executive Assistant
Stephen Manster, Fiscal Agent